

**EXHIBIT 26**

**REDACTED**

Message

**From:** Erik Johnson [REDACTED]  
**Sent:** 12/4/2018 6:53:55 PM  
**To:** Abdul Ismail [REDACTED]  
**Subject:** FW: Epic Games store

**From:** Gabe Newell [REDACTED]  
**Sent:** Monday, December 3, 2018 4:20 PM  
**To:** 'Tim Sweeney' [REDACTED]; Erik Johnson [REDACTED]  
**Cc:** Scott Lynch [REDACTED]  
**Subject:** RE: Epic Games store

Our messaging around your announcement is "We think Epic is smart. We think customers like their games a lot. We think competition is great for customers and partners."

**From:** Tim Sweeney [REDACTED]  
**Sent:** Monday, December 3, 2018 4:13 PM  
**To:** Gabe Newell [REDACTED]; Erik Johnson [REDACTED]  
**Subject:** Re: Epic Games store

Ok, our announcement (below) is going live with tomorrow. The Epic Games store is launching Thursday at The Game Awards.

Later this week, we'll be escalating a conversation with Apple in which an authoritarian government (not China) is demanding that either Epic alter Fortnite on iOS or Apple block it, and we'll be responding with a memo on the human rights principles that would be violated by either action. We'll be refusing and asking Apple to either continue to carrying Fortnite or to permit Epic to distribute it directly to customers through an Enterprise Certificate, and escalating as needed. Fortnite is consistently the top-grossing game on iOS.

So, the question of open platforms and store economics will be foremost on Apple execs' minds this week. I believe the best outcome can be achieved if Apple speedily concludes that the combination of an app store monopoly and 30% fees is untenable, and that opening iOS up is the best stop-loss strategy.

Right now, you assholes are telling the world that the strong and powerful get special terms, while 30% is for the little people. We're all in for a prolonged battle if Apple tries to keep their monopoly and 30% by cutting backroom deals with big publishers to keep them quiet. Why not give ALL developers a better deal? What better way is there to convince Apple quickly that their model is now totally untenable?

-Tim

## Announcing the Epic Games Store

By Tim Sweeney

For the past five years, we've been building tools enabling Epic to bring our games directly to players. We built the Epic Games launcher on PC and Mac featuring Fortnite and Unreal Engine; we built a worldwide digital commerce ecosystem supporting dozens of payment methods; and we gained great economies of scale thanks to Fortnite's growth.

As developers ourselves, we wanted two things: a store with fair economics, and a direct relationship with players. And we've heard that many of you want this too!

Soon we'll launch the Epic Games store, and begin a long journey to advance the cause of all developers. The store will launch with a hand-curated set of games on PC and Mac, then it will open up more broadly to other games and to Android and other open platforms throughout 2019.

The Epic Games store will operate on the following principles:

**All Developers Earn 88%**

Developers receive 88% of revenue. There are no tiers or thresholds. Epic takes 12%. And if you're using Unreal Engine, Epic will cover the 5% engine royalty for sales on the Epic Games store, out of Epic's 12%.

**Have a Direct Relationship With Players**

People who buy your games automatically subscribe to your newsfeed so you can reach them with game updates and news about upcoming releases. The newsfeed is front-and-center. You'll also be able to reach your players through email, if they choose to share it.

**Connect with Creators**

YouTube content creators, Twitch streamers, bloggers, and others are at the leading edge of game discovery. The 10,000-strong Epic Games Support-A-Creator program helps you reach creators, so they can help you reach players. If you opt to participate, creators who refer players to buy your game will receive a share of the revenue that you set (tracked by code or affiliate marketing link). To jumpstart the creator economy, Epic will cover the first 5% of creator revenue-sharing for the first 24 months.

**Developers Control Their Game Pages**

As a developer, you control your game page and your newsfeed. There will be no store-placed ads or cross-marketing of competing games on your page, and no paid ads in search results.

**All Engines Are Welcome**

The Epic Games store is open to games built with any engine, and the first releases span Unreal, Unity and internal engines.

**When You Succeed, We Succeed**

We've built this store and its economic model so that Epic's interests are aligned with your interests. Because of the high volume of Fortnite transactions, we can process store payments, serve bandwidth, and support customers very efficiently. From Epic's 12% store fee, we'll have a profitable business we'll grow and reinvest in for years to come!

More details on upcoming game releases will be revealed at The Game Awards this Thursday, December 6th.

On Mon, Nov 26, 2018 at 10:28 PM Tim Sweeney [REDACTED] wrote:

Hi Gabe, EJ,

On December 4 or 5, Epic will announce a new store hosted at [epicgames.com](http://epicgames.com) with a publicly-announced, permanent 88% / 12% revenue split. We'll launch it December 6 at The Game Awards, with a small lineup of hand-picked PC and Mac games. Throughout 2019, we'll open up to support game submission across all major open platforms. It will operate worldwide except China. The store is engine-agnostic and features games

powered by Unreal, Unity, and internal engines. Unreal Engine will always be store-agnostic, and we'll soon release a marketing beat highlighting UE4's support for Steam features.

This pertains to the future of the world in the following way:

Apple's antitrust practices are before the Supreme Court: <https://www.cnbc.com/2018/11/26/supreme-court-appears-skeptical-of-apples-arguments-in-app-store-monopoly-case.html>. Given the wide-ranging nature of the follow-on litigation and damages they'll face in the event of a loss, Apple certainly has one or more deployable fallback plans in place. From other developers, we hear there is a private test of iOS payment processing changes that increase the viability of lower or variable revenue splits. And from iOS Enterprise provisioning certificates, we see that Apple has a working framework for trust management and iOS software installation from the web, which is barred from direct-to-consumer usage only by policy.

However, Apple also has the resources to litigate and delay any change for years, which will cause their iOS monopoly to spill over into an AR monopoly that's emulated by Google, Microsoft, and others.

What we need right now is enough developer, press, and platform momentum to steer Apple towards fully opening up iOS sooner rather than later. If Apple opens up iOS, then all 5 of the world's top general computing platforms will be open, and it will be very hard for any new platform to change the status quo.

A timely move by Valve to improve Steam economics for all developers would make a great difference in all of this, clearly demonstrating that store competition leads to better rates for all developers. Epic would gladly speak in support of such a move anytime!

Conversely, if Valve made unannounced revenue-sharing changes that favored big publishers over indies, the implication would be that software distribution economics ought to be defined by negotiating power in backroom deals between companies, like Cable TV. In that world, companies like Apple can keep their closed platforms and just pay off big publishers to stay silent. Not good!

Tim Sweeney  
Epic Games